GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:4546
ANSWERED ON:21.12.2011
INVESTMENT IN INFRASTRUCTURE SECTOR
Adhalrao Patil Shri Shivaji

Will the Minister of PLANNING be pleased to state:

(a) whether the Central Government is considering to increase investment in infrastructure sector after the global financial crisis choked inflow in mega projects;

(b) if so, the details thereof;

(c) whether the Central Government has drawn up any estimate for additional spending on infrastructure projects during the Twelfth Five Year Plan;

(d) if so, the details in this regard; and

(e) the measures taken by the Central Government to increase investment in infrastructure?

Answer

MINISTER OF STATE FOR PLANNING, SCIENCE & TECHNOLOGY AND EARTH SCIENCES (DR. ASHWANI KUMAR)

(a): Yes, Madam.

(b): As a part of the Mid Term Appraisal of the Eleventh Five Year Plan done in 2010, the Central Government's investment in infrastructure during the Eleventh Plan is expected to be Rs. 6,90,926 crore which is 86.85 % more than the Central investment realized during the Tenth Five Year Plan period.

(c) & (d): The Twelfth Five Year Plan is being formulated.

(e): The Central Government has taken following measures to increase investment in infrastructure:

Cabinet Committee on Infrastructure (CCI)

The CCI was constituted under the chairmanship of the Prime Minister on July 6, 2009. The CCI approves and reviews policies and annual targets and projects across infrastructure sectors.

Public Private Partnership Appraisal Committee (PPPAC)

For streamlining and simplifying the appraisal and approval process for PPP projects, the PPPAC has been constituted under the chairmanship of Secretary, Department of Economic Affairs.

Empowered Committee / Institution (EC/EI)

An institutional framework has been established for appraising and approving PPP projects for availing the Viability Gap Funding (VGF) grant of up to 20 per cent of the cost of infrastructure projects.

Viability Gap Funding (VGF) Scheme

To enhance the financial viability of competitively bid PPP infrastructure projects which do not pass the standard thresholds of financial returns, VGF grant up to 20 per cent of capital costs is provided by the Central Government to projects undertaken by any Central Ministry, State Government, statutory entity or local body. An additional grant of up to 20 per cent of the project costs can be provided by the sponsoring authority.

India Infrastructure Finance Company Limited (IIFCL)

The IIFCL was set up as a non-banking company for providing long-term loans for financing infrastructure projects that typically involve long gestation periods. The IIFCL lends up to 20 per cent of the project costs.

Model Documents

Model documents that incorporate key principles and best practices relating to the bid process for PPP projects have also been developed. Guidelines for the pre-qualification of bidders along with a Model Request for Qualification (RFQ) document have been issued by the Ministry of Finance.